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January 31, 2014

Robert deV. Frierson, Secretary  
Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551  
regs.comments@federalreserve.gov  
Docket No. R-1466  
RIN 7100 AE-03

Robert E. Feldman, Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429  
comments@FDIC.gov  
RIN 3064-AE04

Legislative and Regulatory Activities Division  
Office of the Comptroller of the Currency  
400 7th Street, SW  
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Washington, DC 20219  
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Docket ID OCC-2013-0016  
RIN 1557 AD 74

**Re: Notice of Proposed Rulemaking—Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring**

Ladies and Gentlemen:

Capital One Financial Corporation (“Capital One”)<sup>1</sup> appreciates the opportunity to provide comments on the notice of proposed rulemaking (the “U.S. Proposal”),<sup>2</sup> issued by the Board of Governors of the Federal Reserve System (the “Federal Reserve”), the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (the “OCC”, and collectively, the “Agencies”), to establish a quantitative liquidity requirement to implement the liquidity coverage ratio (“LCR”) standard (the “Basel LCR”)<sup>3</sup> established by the Basel

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<sup>1</sup> Capital One Financial Corporation ([www.capitalone.com](http://www.capitalone.com)) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N. A., had \$206.9 billion in deposits and \$289.9 billion in total assets as of September 30, 2013. Headquartered in McLean, Virginia, Capital One offers a broad spectrum of financial products and services to consumers, small businesses and commercial clients through a variety of channels. Capital One, N.A. has more than 900 branch locations primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia and the District of Columbia. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol “COF” and is included in the S&P 100 index.

<sup>2</sup> *Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring*, 78 Fed. Reg. 71,818 (Nov. 29, 2013) (hereinafter *U.S. Proposal*).

<sup>3</sup> Basel Committee on Banking Supervision, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools* (revised January 2013), available at <http://www.bis.org/publ/bcbst238.pdf> (hereinafter *Basel LCR*).

Committee on Banking Supervision (“BCBS”). Although we support the fundamental objective of promoting resilience, measurement, and management of bank liquidity risk, we urge the Agencies to make certain changes in their final rule (the “Final U.S. LCR”) implementing the Basel LCR in the United States.

This comment letter supplements the comment letter that Capital One filed along with several other regional banks in response to the U.S. Proposal (the “Regional Bank Letter”). We also participated in and support many of the positions expressed in the comment letter filed by The Clearing House Association L.L.C., the American Bankers Association, the Securities Industry & Financial Markets Association, the Financial Services Roundtable, the Institute of International Bankers, the International Association of Credit Portfolio Managers, and the Structured Finance Industry Group (the “Joint Trades Letter”).

Given the significance of this topic, we thought it important to submit our own letter focusing on several critical areas.

**I. The Final U.S. LCR should harmonize the scope of the LCR and the Modified LCR to the Federal Reserve’s proposed liquidity reporting framework.**

We are concerned at the omission of any substantive discussion in the U.S. Proposal of a central aspect of the proposal—that is the calibration of the threshold for identifying “internationally active” institutions for purposes of the LCR. The Basel LCR establishes a minimum level of liquidity for “internationally active” banks,<sup>4</sup> and the U.S. Proposal states that it is intended to extend to those banks that are “large, internationally active banking organizations” and institutions whose material financial distress could pose a threat to the financial stability of the United States.<sup>5</sup> However, the U.S. Proposal would apply the LCR to all bank holding companies and certain other banking organizations with \$250 billion or more in total assets or \$10 billion or more in on-balance sheet foreign exposure, as well as their respective consolidated subsidiary depository institutions with total consolidated assets greater than \$10 billion, regardless of whether those institutions are truly “internationally active.”<sup>6</sup> This threshold is proposed, however, without any examination in the U.S. Proposal of whether this threshold is properly calibrated to its current purpose.

This blunt, size-based threshold is based on the outdated threshold for mandatory adoption of the advanced approaches risk-based capital rules and is not properly calibrated to the purpose of capturing truly “internationally active” banking organizations. This threshold inappropriately captures Capital One and other regional banking organizations that are not internationally active and that are much less complex, in terms of business model, funding, and

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<sup>4</sup> *Basel LCR*, ¶¶ 6 and 164. The Basel LCR does not define “internationally active banks” or otherwise define the scope of the LCR.

<sup>5</sup> *U.S. Proposal*, at 71819.

<sup>6</sup> The U.S. Proposal also would include a modified LCR (the “Modified LCR”) as an enhanced prudential standard for bank holding companies and savings and loan holding companies with at least \$50 billion in total consolidated assets that do not have \$250 billion or more in total consolidated assets or \$10 billion or more in total on-balance sheet foreign exposure and do not have substantial insurance activities.

balance sheet, than institutions that are truly internationally active or that could pose a threat to the financial stability of the United States. Indeed, Capital One and these other organizations are more similar to organizations subject to the Modified LCR than the organizations, such as globally systemically important institutions (“G-SIBs”), sought to be covered by the “full” LCR.

We strongly urge the agencies to recalibrate the scope of the LCR in the final rules to ensure that regional banking organizations do not become subject to a requirement designed for larger, more complex banking organizations. Rather than using the size-based advanced approaches threshold, we recommend that the Agencies align the scope of the Final U.S. LCR to those institutions that are “larger, more complex companies” that likely would have a greater systemic impact if they experienced liquidity stress. All other institutions subject to the final rule would be subject to the Modified LCR. This change would align the scope of the LCR and the Modified LCR with the scope of the Federal Reserve’s proposed complex institution liquidity monitoring report. Using the same criteria as that framework, Capital One and other less complex banking organizations would be subject to the Modified LCR, and only institutions identified as G-SIBs would be subject to the “full” LCR. Extending the LCR only to G-SIBs would be consistent with language in the U.S. Proposal, which recognizes that the “full” LCR is appropriate for “internationally active banking organizations, taking into account the complexity of their funding sources and structure.”<sup>7</sup> This approach also would be consistent with the Basel LCR, which does not define “internationally active banks” or otherwise define the scope of the framework. Therefore, the Agencies have the flexibility to apply the LCR in the manner we recommend. Applying the LCR in this manner also would be consistent with Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which provides for any enhanced prudential standards to be tailored based on a firm’s riskiness, complexity, financial activities, and other relevant risk-related factors, in addition to size.<sup>8</sup>

The U.S. Proposal states that the Modified LCR, rather than the “full” LCR, is appropriate for organizations that are less complex in structure, less reliant on riskier forms of market funding, and have simpler balance sheets. Such banking organizations have liquidity risks that are easier for management and supervisors to monitor and address quickly in a stressed scenario. Accordingly, the Modified LCR is intended to extend to those institutions that “would likely not have as great a systemic impact as larger, more complex companies if they experienced liquidity stress.”<sup>9</sup> Capital One and other regional banking organizations are more similar in terms of business models, operations, and funding profiles, to organizations that are subject to the Modified LCR, than the organizations (principally, G-SIBs) sought to be covered by the “full” LCR. The below data, which is detailed in the appendix to this letter, demonstrate these points, using publicly available information on balance sheet composition, funding profile, and international activity.

First, subsidiary depository institutions comprise the predominate majority, and in many instances, as with Capital One, virtually all, of the total consolidated assets of regional banking

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<sup>7</sup> *U.S. Proposal*, at 71,846.

<sup>8</sup> 12 U.S.C. § 5365(a)(2).

<sup>9</sup> *U.S. Proposal*, at 71,846.

organizations. For example, for Capital One, over **97%** of the company's total consolidated assets are held by the company's depository institution subsidiaries.<sup>10</sup>

Second, regional banking organizations have limited nonbank operations. For example, broker-dealer assets represent less than **1%** of total assets for Capital One and, on average, approximately **2%** for all Modified LCR organizations,<sup>11</sup> as compared to approximately **19%**, on average, for all U.S. G-SIBs.

Third, the business models of regional banking organizations focus on traditional retail and commercial banking products and services, rather than capital markets activities. For example, net loans and leases compose approximately **65%** of Capital One's total assets, and, on average, **63%** of total assets of Modified LCR organizations, as compared to **25%**, on average, for all U.S. G-SIBs. Similarly, Capital One's loan-to-deposit ratio is approximately **93%**, and the loan-to-deposit ratio of all Modified LCR organizations is approximately **96%**, as compared to an average loan-to-deposit ratio of approximately **61%** for all G-SIBs.

Fourth, regional banking organizations have limited foreign operations. For example, foreign deposits represent less than **1%** of total deposits for Capital One, and, on average, approximately **1%** for all Modified LCR organizations, as compared to approximately **28%**, on average, for all U.S. G-SIBs. Similarly, foreign loans represent approximately **4%** of total loans for Capital One,<sup>12</sup> and, on average, less than **1%** for all Modified LCR organizations, as compared to approximately **18%**, on average, for all U.S. G-SIBs.

Fifth, regional banking organizations rely primarily on core sources of funding, principally deposits, and do not rely to a significant degree on short-term wholesale funding or other short-term sources of market funding. For example, core deposits, as a percentage of total assets, are approximately **70%** for Capital One, and, on average, approximately **62%** for all Modified LCR organizations, as compared to approximately **29%** for all U.S. G-SIBs; reverse repurchase agreements, as a percentage of total assets, are less than **1%** for Capital One, and, on average, approximately **3%** for all Modified LCR organizations, as compared to **15%**, on average, for all U.S. G-SIBs; and securities sold or subject to repurchase, as a percentage of total liabilities, are less than **1%** for Capital One, and, on average, approximately **1%** for all Modified LCR organizations, as compared to approximately **11%**, on average, for all U.S. G-SIBs.

Sixth, regional banking organizations have less complex balance sheets than other banking organizations subject to the Full LCR. For example, as noted above, net loans and

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<sup>10</sup> For additional data on bank versus nonbank assets of regional banking organizations versus larger, more complex institutions, see the Regional Bank Group Letter. Except as otherwise noted, all data in this Part I is as of September 30, 2013. See the footnotes in the appendix to this letter for details on the data included in this Part I.

<sup>11</sup> References to "Modified LCR organizations" include all bank holding companies and savings and loan holding companies that we estimate would be subject to the Modified LCR as proposed.

<sup>12</sup> Capital One's foreign loans are consumer credit card loans in Canada and the United Kingdom, which are not of the type of international activities that should cause Capital One to be considered "internationally active"; do not materially increase the complexity of Capital One's structure, balance sheet, or funding profile; and do not present cross-border or systemic implications.



leases comprise a substantial majority of total assets for Capital One and, on average, Modified LCR organizations. On the other hand, the notional value of Capital One's derivatives contracts, as a percentage of total assets, is only approximately **21%**, and, on average, for all Modified LCR organizations, is only approximately **38%**, as compared to approximately **2,549%**, on average, for all U.S. G-SIBs. Moreover, trading assets and trading liabilities comprise, on average, less than **1%** of total assets and total liabilities for Capital One, and less than **1%** of total assets and total liabilities for all Modified LCR organizations, as compared to approximately **16%** and **7%** of total assets and liabilities, respectively, for all U.S. G-SIBs.

**II. The Final U.S. LCR should not require less complex banking organizations, including Capital One, to calculate the LCR on a daily basis, but rather should require the LCR be calculated on a monthly basis.**

Under the Basel LCR, internationally active banking organizations would be required to report the LCR to supervisors on at least a monthly basis.<sup>13</sup> The U.S. Proposal, however, would require both banking organizations subject to the LCR and the Modified LCR to calculate the ratio on a daily basis as of a set time communicated to their primary Federal supervisor in writing. For the reasons set forth below and in the Regional Bank Letter, we strongly urge the Agencies to harmonize the frequency of any daily calculation requirement with the frequency of the Federal Reserve's proposed liquidity monitoring report, under which regional banks would be required to submit on a monthly basis and larger, more complex banking organizations would be required to submit on a daily basis.<sup>14</sup>

The daily calculation requirement is unnecessary for Capital One and other regional banks because we have simpler and more stable funding profiles than larger and more complex organizations. As the data in Part I and in the appendix to this letter demonstrate, we (i) are not reliant on potentially volatile short-term wholesale funding; and (ii) have more stable and predictable liquidity inflows and outflows. As drafted, the U.S. Proposal would require regional

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<sup>13</sup> Basel LCR, ¶¶ 162.

<sup>14</sup> *Proposed Agency Information Collection Activities; Comment Request*, 78 Fed. Reg. 57,634 (Sep. 19, 2013) (proposing to implement a daily complex institution liquidity monitoring report applicable to U.S. bank holding companies the Financial Stability Board designated as G-SIBs—the FR 2052a—and a monthly liquidity monitoring report for smaller, less complex organizations—the FR 2052b).

In January 2014, the BCBS published standards for LCR disclosure, which contemplate the presentation of liquidity data as simple averages of daily observations. See BCBS, *Liquidity coverage ratio disclosure standards* (January 2014), available at <http://www.bis.org/publ/bcbs272.pdf>. These disclosure standards, however, would apply only to "internationally active banks" subject to the "full" LCR. As discussed in Part I, the Agencies should exercise their flexibility under the Basel frameworks to define the scope of the "full" LCR to exclude Capital One and other regional banks, which are not truly "internationally active."

If the Agencies believe that a daily calculation requirement would be necessary for a broader array of banking organizations than we propose above, we urge the Agencies to calibrate any such requirement based on the reliance of a banking organization on more volatile forms of funding, such as short-term wholesale funding, rather than imposing the requirement on all covered banks or on a subset of banks based solely on size. Banks that fund predominately through deposits should be exempted from any daily calculation requirement. We believe such a calibration generally would be consistent with the recommendation to harmonize the frequency of any daily reporting requirement with the frequency of the Federal Reserve's proposed liquidity monitoring report.

banking organizations that do not rely to a significant extent on volatile sources of short-term wholesale funding to expend a great amount of resources to calculate a ratio on a daily basis that will not be significantly volatile or informative.

In light of the less complex funding profiles of Capital One and other less complex banking organizations, the daily calculation also is unduly burdensome for such organizations to implement, especially in light of the January 1, 2015 date the Agencies have proposed for implementation of that requirement. Calculating the ratio on a daily basis requires extensive systems our organizations currently do not have in place. Implementing those systems is challenging, expensive, and time consuming. Unlike some larger and more complex banking organizations, our banking organizations are not subject to the Federal Reserve's detailed 4G daily liquidity reporting requirements. Moreover, banking organizations that are subject to the 4G liquidity report have had several years lead time, relative to our banking organizations, to build the systems capable of supporting a daily calculation.<sup>15</sup>

**III. The Final U.S. LCR should not require banking organizations to calculate the LCR on a “worst day” basis, but should adopt the Basel LCR method of calculating the LCR on a cumulative net cash outflow basis over the measurement period.**

We support the principle behind considering whether there is a material risk of maturity mismatches during the LCR measurement period. However, as discussed in more detail in the Joint Trades Letter, if the Agencies believe such a material risk exists, we urge the Agencies to address this concern first as an international standard, rather than adopting it solely in the United States. The combination of the “worst day” requirement with the assumptions as to when inflows and outflows occur during the measurement period—which are unrealistic and would naturally overstate liquidity risk as proposed—is not necessary to achieve the purposes of the LCR. As discussed in more detail in the Joint Trades Letter, any implementation of a “worst day” approach must go hand-in-hand with standards for determining daily outflows and inflows that are accurate and realistic, rather than assuming only the most conservative outcomes. Otherwise, the “worst day” approach either would require distorted amounts of liquidity or not achieve its objective. For these reasons, we strongly urge the Agencies to address concerns of

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<sup>15</sup> Although a daily calculation requirement is unnecessary for Capital One and other less complex banking organizations, if the Agencies nonetheless determine to maintain such a requirement, we urge the Agencies to postpone the implementation date until no less than one year after the final rule is published and no earlier than 2017. This would provide banks with time to build and test the systems needed to support daily calculation. Importantly, postponing the implementation date would not, however, eliminate the substantial costs to do so, or change the fact that any benefits to such organizations, or to the Agencies, would not be sufficient to outweigh the significant burden and would not materially further prudent liquidity risk management at our organizations.

We note that the U.S. Proposal was issued October 24, 2013, and the comment period closes on January 31, 2014. The proposed effective date would be January 1, 2015. Even assuming that a final rule is issued no later than 60 to 90 days following the end of the comment period, which may be difficult given the number of considerations likely to be raised by commenters, banking organizations subject to the Final U.S. LCR will have well less than a year to review and interpret the final rule, assess necessary changes to systems and processes, and implement necessary changes, all prior to the proposed effective date. We applaud the Agencies' herculean efforts to implement regulatory reform, but urge them to ensure that sufficient time is permitted to ensure effective and appropriate response to any proposed changes.

maturity mismatch, through a “worst day” approach or otherwise, first as an international standard and with a full understanding of its challenges and consequences and the risks it is addressing, after reasonable quantitative analysis and in a uniform manner across jurisdictions. As such, the Final U.S. LCR should not incorporate any “worst day” approach.

**IV. The Final U.S. LCR should not require less complex banking organizations, including Capital One, to calculate the LCR for consolidated subsidiary depository institutions with total consolidated assets greater than \$10 billion.**

The U.S. Proposal would require bank holding companies subject to the “full” LCR to calculate the ratio at both the consolidated level and at each consolidated subsidiary that is a depository institution with \$10 billion or more in total consolidated assets. However, the U.S. Proposal already recognizes that calculation of the LCR at the depository institution subsidiaries of less complex organizations is unnecessary, by not requiring institutions subject to the Modified LCR to calculate the ratio at their depository institution subsidiaries. As discussed above, Capital One focuses on traditional lending and deposit taking, and as such, virtually all of Capital One’s consolidated assets are held in its depository institution subsidiaries. Requiring calculation of the LCR at the depository institution subsidiaries for less complex banking organizations like Capital One is unnecessary and would not further sound management of liquidity risk at such organizations. As such, all regional banks should be required to calculate the LCR on a consolidated basis only. Should the Agencies continue to have concerns with the liquidity positions of subsidiary depository institutions of less complex banking organizations, we believe the concern should be addressed through a supervisory approach that would not be subject to the flaws of the approach set forth in the U.S. Proposal.

Should the Agencies maintain the calculation of the LCR at consolidated depository institution subsidiaries in the Final U.S. LCR, we believe we should highlight two fundamental flaws with the proposed approach. First, under the U.S. Proposal, excess liquidity at the holding company would be disregarded for purposes of calculating the ratio at the depository institution level. Disregarding excess parent liquidity does not recognize the historic requirement, previously imposed by Federal Reserve rules and now codified in the Dodd-Frank Act, that the holding company act as a financial source of strength to its subsidiary depository institutions. We are aware of no basis for concern that the source of strength doctrine is limited to capital resources and does not extend to liquidity resources. Any requirement to calculate the LCR at a subsidiary depository institution should provide that excess holding company liquidity (for example, liquidity in excess of what is required to service the holding company’s debt obligations and other selected obligations over the 30-day stress period) be counted in the store of HQLA at its subsidiary insured depository institutions. Doing so would be consistent with the principal that the holding company act as a source of strength for its subsidiary depository institutions and would be consistent with prudent liquidity management principles. Second, in requiring individual subsidiary depository institutions to calculate the LCR, the U.S. Proposal would not adequately recognize the relationship between consolidated depository institutions that are subsidiaries of the same holding company (or so called “sister banks”). Any requirement to calculate the LCR at a subsidiary depository institution should allow a depository institution, in calculating its LCR, to count in its HQLA amount excess HQLA held by affiliated insured

depository institutions (at least where the affiliated institutions are wholly owned, directly or indirectly, by the same parent company). This would be consistent with the principles set forth in the so-called “sister bank exemption” established for purposes of Sections 23A and 23B of the Federal Reserve Act and with the principles established by Congress in the cross guaranty liability provisions of the Federal Deposit Insurance Act.

**V. The Final U.S. LCR should recognize obligations issued by government sponsored entities (“GSEs”) in excess of the punitive 40% cap on these obligations in the U.S. Proposal.**

U.S. GSE obligations represent one of the most liquid debt markets in the world and are the primary tool for U.S. bank liquidity. The Agencies acknowledge that GSE obligations consistently trade in very large volumes and generally have been highly liquid, including during times of stress.<sup>16</sup> It is for these reasons that GSE securities are a primary tool for liquidity risk management for U.S. banking organizations and currently comprise a significant amount of bank liquidity portfolios.

However, the U.S. Proposal would treat GSE securities as Level 2A liquid assets subject to the 40% cap on total Level 2 assets and a 15% haircut. The 40% cap on these obligations would cause any GSE obligations in excess of the cap to be considered worthless from a liquidity perspective. The 40% cap would incent U.S. banks to invest in less liquid bonds that support foreign infrastructure, instead of more liquid securities that are used to provide affordable housing in the United States. In implementing the Basel LCR, the U.S. Proposal would afford Level 1 treatment to securities issued by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the International Finance Corporation, the German Development Bank, the European Investment Bank, the German Agriculture Bank, and the Asian Development Bank, while relegating GSE securities to Level 2A status. While we do not suggest that the aforementioned development bank securities are illiquid, the size and liquidity of their respective markets pale in comparison to the market for GSE securities.<sup>17</sup>

While we recognize that liquidity stockpiles should be diversified, the U.S. Proposal likely would result in more concentrated liquidity portfolios. The 40% cap on GSE securities likely would result in U.S. banking industry positions being concentrated in the U.S. Treasury and U.S. agency markets, rather than being more broadly diversified across those two markets as well as the GSE market, which is one of the largest markets in the world. The potential systemic effects of concentrating banking industry liquidity stockpiles in a narrower range of asset classes, as well as the potential negative impacts on the U.S. housing and real estate finance market, should not be underestimated.

We urge the Agencies to allow banks to recognize the liquidity of GSE obligations in excess of the 40% cap. An alternative approach to the 40% cap would be to retain the current Level 2A treatment of the GSE securities, but modify the current cap structure to allow banks to

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<sup>16</sup> *U.S. Proposal*, at 71,827.

<sup>17</sup> For the reasons set forth in the Joint Trades Letter, we support the request in that letter that the Agencies afford GSE securities Level 1 treatment at least while the GSEs are under U.S. conservatorship.



recognize GSE obligations in excess of 40%, but subject to an increasing haircut. This would be consistent with the ability for the Agencies, in implementing the Basel LCR, to take into account unique aspects of the U.S. financial system, and would not allow a bank to use GSE securities to completely satisfy the bank's HQLA requirement, thereby ensuring HQLA are diversified.

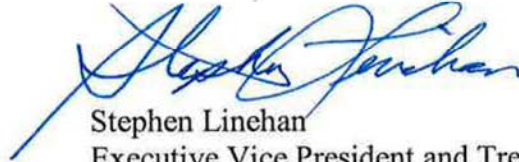
The following table illustrates how a modified cap might work.

Haircut Percentage based on GSE % of HQLA – Example		
GSE % of HQLA	Additional Haircut	Total Haircut (15% + additional haircut)
Greater than 40% - less than 50%	5%	20%
50% - less than 60%	25%	40%
60% - less than 70%	45%	60%
70% - less than 80%	65%	80%
80% - 100%	85%	100%

\* \* \*

We appreciate the opportunity to comment on the U.S. Proposal and would be happy to discuss any questions regarding the content of this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Linehan", is written over the printed name and title.

Stephen Linehan  
Executive Vice President and Treasurer

Capital One Comments on the U.S. Proposal to Implement the LCR  
January 31, 2014  
Appendix

Balance Sheet Composition, Funding Profile, and International Activity

<b>Balance Sheet Composition (as of Sept. 30, 2013)<sup>i</sup></b>					
<u>Banking Organizations</u>	Net Loans & Leases / Total Assets (%)	Total Trading Assets / Total Assets (%)	Total Trading Liabilities / Total Liabilities (%)	4(k) Broker-Dealer Assets / Total Assets (%) <sup>ii</sup>	Derivative Contracts (Notional) / Total Assets (%)
G-SIB–Average	25%	16%	7%	19%	2,549%
Capital One	65%	<1%	<1%	<1%	21%
Large Regional Peers Subject to Modified LCR–Average	66%	1%	<1%	<1%	72%
All Modified LCR Organizations–Average	63%	<1%	<1%	2%	38%

<b>Funding Profile (as of Sept. 30, 2013)<sup>i</sup></b>						
<u>Banking Organizations</u>	Reliance on Wholesale Funding (%) <sup>iii</sup>	Core Deposits / Total Assets (%)	Loans / Deposits (%)	Reverse Repurchase Agreements (%)	Sec. Sold/Repo / Total Liabilities (%)	Net Short-term Liabilities/ Assets (%) <sup>iii</sup>
G-SIB–Average	46%	29%	61%	15%	11%	-21%
Capital One	17%	70%	93%	<1%	<1%	3%
Large Regional Peers Subject to Modified LCR–Average	16%	71%	91%	<1%	1%	-3%
All Modified LCR Organizations–Average	24%	62%	96%	3%	1%	-8%

<b>International Activity (as of Sept. 30, 2013)<sup>i</sup></b>		
<u>Banking Organizations</u>	Total Foreign Deposits / Total Deposits (%)	Avg. Foreign Loans / Avg. Total Loans (%)
G-SIB–Average	28%	18%
Capital One	<1%	4%
Large Regional Peers Subject to Modified LCR–Average	<1%	<1%
All Modified LCR Organizations–Average	1%	<1%

<sup>i</sup> Data for Capital One is presented relative to average data for (i) U.S. G-SIBs; (ii) peer large regional banks that would be subject to the Modified LCR as proposed and that have participated in CCAR since its inception (i.e., BB&T, Fifth Third, KeyCorp, Regions and SunTrust); and (iii) all bank holding companies and savings and loan holding companies that we estimate would be subject to the Modified LCR as proposed. The source of all information is SNL – FR Y-9C. Data reported as ‘N/A’ was treated as a zero for purposes of these calculations.

<sup>ii</sup> Broker-dealer asset data are included only for broker-dealer subsidiaries of financial holding companies that engage in underwriting or dealing pursuant to section 4(k)(4)(E) of the Bank Holding Company Act, as reported on line item 20.a. of Schedule HC-M to the FR Y-9C.

<sup>iii</sup> These ratios are used by the OCC as part of its Canary supervisory system and derived using publicly available FR Y-9C and call report data.